

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

Adelphia Communications Corp., et al.,

Debtors.

Chapter 11 Cases

Case No. 02-41729 (REG)
Jointly Administered

Honorable Robert E. Gerber

ADELPHIA COMMUNICATIONS
CORPORATION, ET AL.,

Plaintiffs,

vs.

MOTOROLA, INC., GENERAL INSTRUMENT
CORPORATION, d/b/a Broadband Communications
Sector Of Motorola, Inc. and d/b/a Motorola Broadband
Communications Sector, SYNCHRONOUS, INC.,
GENERAL INSTRUMENT AUTHORIZATION
SERVICES, INC., BEAR, STEARNS & CO. INC. (as
Claim Transferee), DK ACQUISITION PARTNERS, L.P.
(as Claim Transferee), VARDE INVESTMENT
PARTNERS, LP (as Claim Transferee),

Defendants.

Adversary No.: 06-01558-reg

JOINT RULE 26(f) REPORT OF
EARLY MEETING OF COUNSEL AND
PROPOSED SCHEDULE

Counsel for Plaintiffs Adelphia Communications Corporation ("ACC") and ACC's affiliated debtors in possession and reorganized debtors in the above captioned adversary proceeding (together with ACC, "Adelphia"), counsel for Defendants Motorola, Inc., General Instrument Corporation, Synchronous, Inc., and General Instrument Authorization Services (collectively, "Motorola"), and counsel for Bear, Stearns & Co. Inc., DK Acquisition Partners, L.P., and Varde Investment Partners, LP (collectively, "Claim Transferees") hereby submit the following Joint Report of Early Meeting of Counsel and Proposed Schedule and an accompanying proposed Scheduling Order to implement the schedule proposed herein.

A. FRCP 26(f) Conference

In accordance with FRCP 26(f), counsel for Plaintiffs and Defendants met and conferred by telephone conferences during August 2006. Counsel discussed disclosures under FRCP 26 and the most efficient manner to proceed with discovery in this case, which potentially could involve a very substantial number of witnesses, documents, and other discovery.

In light of the magnitude of factual issues to be resolved in the case and in an effort to proceed efficiently, counsel have agreed to make the following initial disclosures and to propose the following schedule to the Court.

B. Disclosures Under FRCP 26(a)(1)

In response to an investigation by the Securities and Exchange Commission ("SEC"), Adelphia and Motorola have each produced a sizable volume of documents, a substantial portion of which likely relate to the causes of action and defenses alleged in this case, and the SEC has also taken transcribed testimony of some witnesses relating to the causes of action and defenses (these produced documents and transcripts are collectively, the "SEC documents"). Motorola and Adelphia also have collected or are collecting a sizable volume of documents reflecting Adelphia's orders of goods and services from Motorola before Adelphia's bankruptcy case,

and/or invoices or payments for those goods, insofar as those transactions are the subjects of either Motorola's proofs of claim or Adelphia's causes of action to avoid certain transfers (the "Purchase And Payment Documents"). In addition, the Claim Transferees possess documents that relate to or evidence the transfer of Motorola's proofs of claim to and among the Claim Transferees (the "Claim Transfer Documents"). The parties believe that the SEC Documents, the Purchase And Payment Documents, and the Claim Transfer Documents (collectively, the "Initial Documents") constitute or contain a substantial portion of the relevant documents for this case and are the logical place to begin discovery to identify the pertinent evidence and witnesses, and potentially narrow the issues in the litigation. The parties therefore have agreed that in satisfaction of FRCP 26(a)(1), Adelphia and Motorola will produce to all other parties all the SEC Documents and the Purchase And Payment Documents that are not subject to a claim of privilege. The agreement to produce any available SEC transcripts is subject to obtaining any necessary clearances; provided however that this qualification is without prejudice to any potential right to request or seek to compel production of such materials in the future. These productions are to be at least substantially made by September 29, 2006, with service by mail, and additional, rolling productions will be made within a reasonable time thereafter of any such documents not yet produced in this case. Adelphia and the Claim Transferees will confer in good faith regarding a reasonable, mutually-agreeable scope and timing for an initial disclosure by the Claim Transferees of Claim Transfer Documents that are not subject to a claim of privilege or other protection, with a goal of an agreed-upon Claims Transferee production in October 2006.

The parties have agreed that the inadvertent production of privileged documents in this case shall not constitute a waiver of the privilege, that the producing party may request the return

of any document that party subsequently identifies as being subject to a privilege or work product protection, and that any document requested to be returned shall be promptly returned by the recipient. The parties further agree that inclusion of any document in the initial disclosures referenced herein does not constitute a waiver of privilege or work product protection with respect to any other document or subject matter.

C. Proposed Schedule

In light of the tremendous volume of documents potentially subject to discovery, the numerous potential witnesses, and the existence of substantial pre-existing discovery related to this matter, the parties believe that the most efficient manner to proceed with discovery in this case is first to produce the Initial Documents referenced above and to provide all parties 60 days to review those materials, during which time no party will serve any other discovery. The parties anticipate that this review period will allow the parties to focus on and discuss key issues and necessary testimony, and thus to focus the discovery in this case, and to provide the Court with the parties' more educated views and proposals on case management and the topics listed in FRCP 26(f). The parties therefore propose submitting a further joint report to the Court after the 60 day review period but no later than November 30, 2006, and scheduling a second status conference (subject to the Court's schedule) on a day in or around December 4 - 6, 2006.

The parties agree that they will not commence any further discovery until after the second status conference and only in accordance with any orders of the Court at or following the second status conference. The parties anticipate that no depositions will be scheduled until early 2007.

D. Jury Trial

Adelphia and Defendants disagree on whether Defendants are entitled to a trial by jury as requested in their answers but have agreed that the issue should be deferred, to be addressed at a later date.

E. Response to Adelphia's Complaint.

In accordance with the stipulated order entered on or about August 7, 2006 (Docket No. 15), Motorola filed its answer to Adelphia's complaint on August 14, 2006. In accordance with that same stipulated order, Bear, Stearns & Co. Inc., DK Acquisition Partners, L.P. and Varde Investment Partners, LP filed an answer on September 6, 2006.

Dated: September 7, 2006

Respectfully submitted,

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Dated: September 7, 2006

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